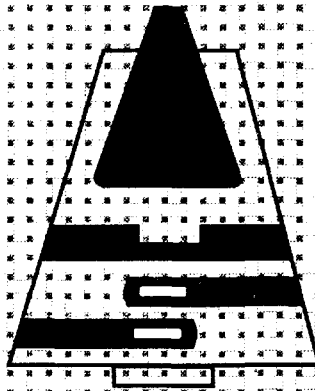


# yarn syndicate limited.

Govt. Recognised Trading House



**ANNUAL REPORT**

**2003 - 2004**

# **YARN SYNDICATE LIMITED**

## **BOARD OF DIRECTORS**

SRI M. L. PATODIA, Chairman & Managing Director  
SRI R. K. PATODIA, Managing Director  
SRI K. P. BAGARIA  
SRI SITA RAM SARAF  
SRI DEVENDRA JHUNJHUNWALA  
SRI DILIP KUMAR KHANDELWAL  
SRI VIKASH SINGHAL  
SMT. SHEELA PATODIA

## **BANKERS**

CANARA BANK  
Overseas Branch  
2/1, Russel Street, Kolkata - 700 071

## **AUDITORS**

LODHA & CO.  
Chartered Accountants  
14, Government Place East, Kolkata - 700 069

## **REGISTERED OFFICE**

7, Sambhu Nath Mullick Lane, Kolkata - 700 007

# YARN SYNDICATE LIMITED

## NOTICE OF THE 58TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty Eighth Annual General Meeting of the Members of the Company will be held at Patodia House, 23, Circus Avenue, Kolkata - 700 017 on Friday the 24th day of September, 2004 at 10.00 A.M. to transact the following business :

### ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2004 and the Profit & Loss Account for the year ended on that date together with the Auditor's and the Directors' Reports thereon.
2. To appoint a Director in place of Shri Dilip Kumar Khandelwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Devendra Jhunjunwala, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### SPECIAL BUSINESS :

5. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution :

**"RESOLVED THAT** Sri M. L. Patodia, be and is hereby re-appointed as Managing Director of the Company for a period of 5 years w.e.f. 1st April, 2004"

By order of the Board  
For YARN SYNDICATE LIMITED

### Registered Office :

7, Sambhu Nath Mullick Lane  
Kolkata - 700 007

Dated : the 30th day of June, 2004.

**MADANLAL PATODIA**  
Chairman & Managing Director

### NOTES :

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. Proxies in order to be valid, must be received by the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books shall remain closed from 16th September, 2004 to 24th September, 2004 (both days inclusive).
3. Pursuant to Section 205A(5) of the Companies Act, 1956 any money transferred to the Unpaid Dividend Account of the Company which remains Unpaid or Unclaimed for a period of 7 (Seven) years from the date of such transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government and the Shareholders shall not be able to claim any Unpaid Dividend from the said fund or from the Company thereafter.

Unclaimed/Unpaid dividend amounts for the Financial year 1995-96 have been transferred to the Investor Education and Protection Fund of the Central Government.

**Members who have not encashed the dividend warrant(s) for the Financial Year 1996-97 and any subsequent Dividend payment(s) are requested to make their claims to the Company.**

# YARN SYNDICATE LIMITED

## REQUEST TO THE MEMBERS :

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company atleast 7 (seven) days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
3. Members are requested to inform immediately any change in their address to the Company's Share Transfer Agents.
4. All communications relating to shares are to be addressed to the Company's Share Transfer Agents, "M/s. AMI Computers (I) Limited, 60A & B Chowringhee Road, Kolkata-700 020."
5. As the Members are aware, your Company's shares are tradable compulsorily in electronic form and in view of the numerous advantages offered by the Depository System, members are requested to avail of the facility of dematerialisation

## DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING REAPPOINTMENT

(in pursuance of Clause 49 of the Listing Agreement)

1. Name Shri Dilip Kumar Khandelwal  
Date of Birth 18.12.1943  
Date of Appointment 01.04.2002  
Qualifications B.E. (Civil Engineer)  
Expertise in specific functional area. Business  
Chairman/Director of other Companies **Directorships :**
  1. SSK Broking Services Private Limited
  2. Venus Funds Management Limited

Chairman/Member of Committees of the Board of Companies of which he is a Director.

<u>Name of the Company</u>	<u>Committee Type</u>	<u>Membership Status</u>
Yarn Syndicate Limited	1. Audit	Member
	2. Remuneration	Member

2. Name Shri Devendra Jhunjhunwala  
Date of Birth 27.09.1952  
Date of Appointment 01.04.2002  
Qualifications B.Com.  
Expertise in specific functional area. Business  
Chairman/Director of other Companies **Directorships :**
  1. Howrah Apartments Private Limited
  2. Howrah Skyscrapers Private Limited
  3. Shreeji apartments Private Limited
  4. Southern Nirman Private Limited
  5. Howrah Resorts Private Limited
  6. Asiatic Promoters Private Limited

Chairman/Member of Committees of the Board of Companies of which he is a Director. NIL

# YARN SYNDICATE LIMITED

## ANNEXURE TO NOTICE

### Explanatory Statement Pursuant To Section 173(2) of the Companies Act, 1956.

#### Item No. 5 :

Sri M.L.Patodia was appointed as Managing Director of the Company with effect from 1<sup>st</sup> April, 1999 to 31<sup>st</sup> March, 2004. In consideration of excellent and valuable services being rendered by Sri M.L.Patodia to the Company, the Board of Directors, at its meeting held on 26<sup>th</sup> March, 2004, have re-appointed him as Managing Director for a period of five years with effect from 1<sup>st</sup> April, 2004 on the terms and conditions set out in the agreement subject to your approval. The main terms and conditions of Sri M.L.Patodia's appointment is set out below :

#### A) **Period :**

5 Years from 01.04.2004 to 31.03.2009.

#### B) **Salary :**

Rs. 10,000/- per month.

#### C) **Perquisites :**

##### i) **Housing :**

a) House Rent Allowance of Rs. 1,000/- per month.

b) The Expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-Tax Rules, 1962 subject to a ceiling of 10% of his Salary.

##### ii) **Medical Reimbursement :**

Expenses incurred for self and family subject to a ceiling of one month's salary in a year for three months salary over a period of three years.

##### iii) **Leave Travel Concession :**

For self and family once in a year, provided that only actual fare shall be paid to and fro any place in India and no Hotel Expenses shall be paid.

iv) Earned/Privileged leave not exceeding one month for every eleven months of service. Leave accumulated but not availed of shall not be allowed to be encashed.

v) The Company shall provide Sri M. L. Patodia with a car and telephone facility at his residence. Provision of car for use on Company's business and telephone at his residence will not be considered as perquisites. Personal long distance calls and use of car for private purposes shall be billed by the Company.

D) i) In the case of inadequate or absence of profit, Sri M. L. Patodia will get the same remuneration as mentioned herein above.

ii) So long as Sri M. L. Patodia functions as the Managing Director of the Company he will not be entitled to any sitting fee for attending the meeting of the Board of Directors or any Committee thereof.

iii) So long as Sri M.L. Patodia holds the office of the Managing Director he will not be liable to retire by rotation.

iv) So long as Sri M. L. Patodia holds the office of the Managing Director of the company he will not become interested or concerned in any selling agency directly or through his wife or children without prior approval of the Central Government.

v) The appointment of Sri M. L. Patodia may be terminated by giving three months notice by either side.

# YARN SYNDICATE LIMITED

The agreement between the Company and Sri M.L.Patodia is available for inspection by the members of the Company at its registered office between 11.00 a.m. and 1.00 p.m. on any working day of the Company. None of the Directors except Shri M.L.Patodia, Shri R.K.Patodia and Smt.Sheela Patodia is concerned or interested in the resolution.

The Board of Directors recommend this resolution for approval of Members at this meeting.

By order of the Board  
For YARN SYNDICATE LIMITED

**Registered Office :**  
7, Sambhu Nath Mullick Lane  
Kolkata - 700 007  
Dated : the 30th day of June, 2004.

**MADANLAL PATODIA**  
Chairman & Managing Director

# YARN SYNDICATE LIMITED

## REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS

Your Directors have pleasure in submitting their 58th Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 2004.

### FINANCIAL RESULTS :

	<u>2003-2004</u> Rs. in Lacs	<u>2002-2003</u> Rs. in Lacs
Sales - Exports	1,510.30	2,805.08
Domestic	-	6.91
	<u>1,510.30</u>	<u>2,811.99</u>
Profit / (Loss) before Interest & Depreciation	(6.89)	16.88
Less : Interest	(10.50)	11.34
Depreciation	<u>19.61</u>	<u>19.51</u>
	<u>9.11</u>	<u>30.85</u>
Profit/(Loss) before Tax	(16.00)	(13.97)
Less : Provision for Taxation	-	-
Provision for Deferred Tax Assets	-	7.79
Profit/(Loss) after Tax	(16.00)	(6.18)
Less : Adjustment of Income Tax for earlier years	<u>(1.07)</u>	<u>0.07</u>
	<u>(14.93)</u>	<u>(6.25)</u>
Add : Balance brought forward from last year	<u>156.03</u>	<u>162.28</u>
	<u>141.10</u>	<u>156.03</u>

### Appropriations :

Balance carried forward to next year	<u>141.10</u>	<u>156.03</u>
	<u>141.10</u>	<u>156.03</u>

### DIVIDEND :

Due to Loss incurred during the year, your Directors do not recommend dividend on Equity Shares for the Financial Year ended 31st March, 2004.

### PERFORMANCE REVIEW :

The major recession affecting the textile industry has persisted throughout the year under review. This has resulted in lower export sales by your Company during the year as compared to export sales in the previous year.

The dismantling of the Quota system under W.T.O. w.e.f. 01.01.2005 is expected to increase the export sales of your Company in future.

In the highly competitive environment of the global textile industry, your Company has always maintained quality and delivery schedules of its exports and continue exploring new markets for the export of Yarn and other textile products.

### PARTICULARS OF EMPLOYEES :

Particulars of Employees as required under sub-Section (2A) of Section 217 of the Companies Act, 1956 and the rules made thereunder are not applicable for the year under review.

# YARN SYNDICATE LIMITED

## **DIRECTORS :**

Shri Dilip Kumar Khandelwal and Shri Devendra Jhunjhunwala, Directors of the Company retire by rotation and are eligible for re-appointment.

## **DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to the requirement under Section 217(2A) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2004, the applicable accounting standards had been followed;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2004 on a 'going concern' basis.

## **CORPORATE GOVERNANCE :**

A Report on Corporate Governance and Management Discussion and Analysis as required Under Clause 49 of the Listing Agreement is attached.

## **VOLUNTARY DELISTING OF SHARES :**

Pursuant to the special resolution unanimously approved by the Shareholders at their meeting held on 23.09.2003, the Company had filed application with the Stock Exchanges at Kolkata, Chennai, Ahmedabad and Coimbatore for Voluntary Delisting of Company's Equity Shares under SEBI (Delisting of Securities).

Your Directors wish to inform that Company has received approval from The Stock Exchange of Chennai, Ahmedabad and Coimbatore. The approval from The Kolkata Stock Exchange Association Limited is pending.

## **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO :**

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 issued under Section 217(1)(e) of the Companies Act, 1956, your Directors have to state that the particulars in respect of Energy Conservation and Technology Absorption are not applicable to your Company. As regards the Foreign Exchange earning and outgo, your Directors have to state that the relevant figures are given in Schedule 13 annexed to the Audited Accounts. The Company's activity of export is in the line of Cotton Yarn and Textiles. Your Directors plan to continue their initiatives in order to further increase the export turnover.

## **AUDITOR'S OBSERVATIONS :**

In respect of the reference to the Notes on Accounts in the Auditor's Report, your Directors have to state that the same are self explanatory and do not need further clarification.

## **AUDITORS :**

M/s. Lodha & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

## **ACKNOWLEDGEMENTS :**

The Board is grateful to the Company's Bankers, Canara Bank for their continued co-operation and financial assistance. The Board is thankful to the Management, Officers and Staff of Canara Bank for the prompt and timely assistance rendered by them as and when required. The Board is grateful to Reserve Bank of India, State Bank of India & United Bank of India, Burrabazar Branch, The Cotton Textiles Export Promotion Council, Textile Committee, Export Credit Guarantee Corporation of India Limited, Collector of Central Excise, Director General of Foreign Trade, New Delhi, Joint Director General of Foreign Trade, Calcutta, Registrar of Companies and other Institutions for their kind co-operation in day to day activities of the Company. Your Directors are thankful to all the Executives and staff members of the Company for their whole hearted co-operation.

## **Registered Office**

7, Sambhu Nath Mullick Lane,  
Kolkata - 700 007

Dated : the 30th day of June, 2004.

For and on behalf of the Board  
**M. L. PATODIA**  
Chairman & Managing Director



# YARN SYNDICATE LIMITED

## REPORT ON CORPORATE GOVERNANCE

The following is a report on the ongoing implementation of the code by your Company.

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company has always recognized the importance of good Corporate Governance and has strived to practice and improve its focus on it by increasing transparency, professionalism and accountability to its shareholders and other stakeholders, including employees, the government and lenders. The company will strive to improve on these aspects on ongoing basis.

### 2. COMPOSITION, CATEGORY AND DIRECTORSHIP IN OTHER COMPANIES

#### BOARD OF DIRECTORS

Director	Executive/ Non-Executive/ Independent	Member of Board of Other Companies including Pvt. Ltd. Cos.	Total no. of Committee Membership held	
			As Chairman	As Member
Shri M. L. Patodia	Executive	7	–	1
Shri R. K. Patodia	Executive	7	–	1
Shri K. P. Bagaria	Independent	1	–	–
Shri S. R. Saraf	Independent	6	–	2
Shri D. K. Jhunjhunwala	Independent	6	–	–
Shri D. K. Khandelwal	Independent	2	–	2
Smt. Sheela Patodia	Non -Executive	4	–	–
Shri Vikash Singhal	Independent	4	3	–

#### **BOARD, ANNUAL GENERAL MEETING & ATTENDANCE :**

Board Meetings were held on 15th April, 2003, 28th June, 2003, 31st July, 2003, 6th September, 2003, 30th September, 2003, 28th October, 2003, 5th January, 2004, 29th January, 2004 and 26th March, 2004.

The maximum time gap between any two meetings was not more than three calendar months.

The Annual General Meeting was held on 23rd September, 2003.

Director	No. of Board Meeting		Attended last AGM
	Held	Attended	
Shri M. L. Patodia	9	9	Yes
Shri R. K. Patodia	9	3	Yes
Shri K. P. Bagaria	9	2	No
Shri S. R. Saraf	9	8	No
Shri D. K. Jhunjhunwala	9	5	No
Shri D. K. Khandelwal	9	2	Yes
Smt. Sheela Patodia	9	1	Yes
Shri Vikash Singhal	9	8	Yes

### 3. AUDIT COMMITTEE

The broad terms of reference of the Audit Committee are given hereunder :

- It shall oversee the Company's financial reporting process and the disclosure of its financial information and ensure that financial statements are correct, sufficient and credible.
- It shall recommend the appointment and removal of external auditor, fix the audit fee and also approve payment for any other services.
- It shall review with management the annual, half-yearly and quarterly financial statements in all respects.

# YARN SYNDICATE LIMITED

- d) Review with management and statutory auditors the adequacy of internal control systems and internal audit functions.
- e) Discuss with external auditors before the audit commences nature and scope of audit as well have post-audit discussion to ascertain any area of concern.
- f) Review the company's financial and risk management policies.

## COMPOSITION, NAME OF MEMBERS AND CHAIRMAN :

The Audit Committee was formed pursuant to a resolution passed at the Meeting of the Board of Directors of the Company held on 30th October, 2002. Audit Committee Meetings were held on 27th June, 2003, 30th July, 2003, 27th October, 2003 and 28th January, 2004.

<b>MEMBERS OF THE AUDIT COMMITTEE</b>		<b>Meetings held</b>	<b>Meeting Attended</b>
Chairman & Independent Director	: Sri Vikash Singhal	4	4
Member & Independent Director	: Sri S. R. Saraf	4	4
Member & Independent Director	: Sri D. K. Khandelwal	4	1

## 4. REMUNERATION COMMITTEE :

The Remuneration Committee was formed pursuant to a resolution passed at the Meeting of the Board of Directors of the Company held on 30th October, 2002.

### MEMBERS OF THE REMUNERATION COMMITTEE :

Chairman & Independent Director	: Sri Vikash Singhal
Member & Independent Director	: Sri S. R. Saraf
Member & Independent Director	: Sri D. K. Khandelwal

The Remuneration Committee met twice, on 30th June, 2003 and 25th March, 2004, during the year under review.

At the Meeting held on 30th June, 2003, the Committee noted that Sri M. L. Patodia and Sri R. K. Patodia, Managing Directors of the Company, had waived payment of remuneration to them with effect from 01.02.2000 due to weak financial position of the company. In view of Company's improved financial position during the first quarter of the financial year 2003-04, the Committee decided to resume payment of remuneration to Sri R. K. Patodia, Managing Director of the Company with effect from 01.07.2003 as per the terms and conditions set forth in the agreement dated 21.06.2002 between Sri R. K. Patodia on his re-appointment as Managing Director and the Company.

At the Meeting held on 25th March, 2004, the Committee approved the re-appointment of Sri M. L. Patodia as the Managing Director of the Company for a period of 5 years w.e.f. 1st April, 2004 on the existing remuneration and other terms and conditions. A letter from Sri M. L. Patodia dated 24.3.2004 waiving payment of remuneration was taken on record by the Committee. Consequently, the Company continues not to pay any remuneration to Sri M. L. Patodia.

## 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

The Investors Grievance Committee of the company, under the nomenclature "Share Transfer-cum-Grievance Committee" approves transfer and transmission, duplicate, sub-division, consolidation and replacement of shares and other related matters and to deal with complaints regarding transfer of shares, non-receipt of balance sheet and non-receipt of dividend. The Committee also oversees the performance of Share Transfer Agents and recommend measures for overall improvement in the quality of investor services.

The Committee is headed by Sri Vikash Singhal. Sri M. L. Patodia and Sri R. K. Patodia are other members of the Committee and Sri Santosh Kumar Tibrewal is the Compliance Officer.

The company has received 24 complaints as on 31/03/2004 and all of them has been resolved.

The number of shares pending for transfer on 31/03/2004 were 800 shares involved in seven cases due to mismatch of signatures and not affixing of share transfer stamps out of which 200 shares have been transferred subsequently.

# YARN SYNDICATE LIMITED

## 6. GENERAL BODY MEETINGS :

A. Location and time for last three Annual General Meetings were :

<u>FINANCIAL YEAR</u>	<u>DATE OF AGM</u>	<u>VENUE</u>	<u>TIME</u>
31st March, 2001	14/09/2001	23, Circus Avenue Kolkata - 700 017	10.00 A.M.
31st March, 2002	28/09/2002	- Do -	10.00 A.M.
31st March, 2003	23/09/2003	- Do -	10.00 A.M.

B. Special Resolution at the last three Annual General Meetings :

- i) At the Fifty Fifth Annual General Meeting held on 14th September, 2001 :
  - under section 163 of Companies Act, 1956, keeping of Register of Members etc. with Company's Transfer Agents M/s. AMI Computers (I) Limited.
- ii) At the Fifty Seventh Annual General Meeting held on 23rd September, 2003
  - Delisting of equity shares of the Company from the Stock Exchanges at Ahmedabad, Chennai, Coimbatore and Kolkata as per SEBI (Delisting of Securities) Guidelines 2003.
  - Alteration in Article 34 of Articles of Association of the Company for nomination facility to the holders of shares or debentures of the Company under Section 31 of the Companies Act, 1956.
  - Lending by the Company of a sum of money as loan to Sri R. K. Patodia, Managing Director for further education of his son.

No resolution was put through Postal Ballot.

## 7. DISCLOSURES :

Disclosures on materially significant related party transactions of the Company of material nature, with its promoters, the directors, the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large :

During the year, the Company had not entered into any transaction of a material nature with any of the related parties which were in conflict with the interest of the Company.

Details of non-compliance by the company, penalties, strictures on the company by Stock Exchanges, SEBI or any statutory authority on any matter related to the Capital Markets during the last three years :

None.

## 8. MEANS OF COMMUNICATIONS :

- Half yearly results sent to each household of Shareholders : Although half-yearly report is not sent to each household of shareholders, the Company published the same in "The Financial Express" and "Khoborer Kagaz".
- Quarterly Results : The quarterly results published in the proforma prescribed under the Listing Agreement are approved and taken on record within one month of the close of the relevant quarter. The approved results are notified forthwith to the concerned Stock Exchange.
- which newspaper normally published in : Asian Age or Financial Express (English newspaper), Khoborer Kagaz or Kalantar (Bengali newspaper).
- any Website, where displayed : No.
- whether it displays Official news releases : No.
- whether presentation made to Institutional investors or to analyst : No.

# YARN SYNDICATE LIMITED

– whether Management Discussion and Analysis Report is a Part of Annual Report or not

Management Discussion and Analysis Report is a Part of Annual Report.

## 9. GENERAL SHAREHOLDERS INFORMATION :

- | <u>DATE</u>   | <u>TIME</u>  | <u>VENUE</u>                                   |
|---|--|--|
| a) <b>A. G. M. 24th September, 2004</b>   | <b>10.00 A.M.</b>  | <b>23, Circus Avenue<br/>Kolkata - 700 017</b> |
| b) Financial Calendar (tentative)   | : 2004 - 2005  |  |
| (i) Financial Year  | : April - March  |  |
| (ii) First Quarter Results  | : July, 2004   |  |
| (iii) Second Quarter Results  | : October, 2004  |  |
| (iv) Third Quarter Results  | : January, 2005  |  |
| (v) Audited Results for the year ending 31/03/2005  | : June, 2005   |  |
| c) Date of Book Closure   | : 16th Sept., 2004 to 24th Sept., 2004 (both days inclusive) |  |
| d) Dividend payment date  | : Not applicable.  |  |
| e) Listing of Equity Shares on Stock Exchange   | : Mumbai & Kolkata.  |  |
| (i) Annual Listing Fees for the year 2004-2005 (as applicable has been paid to the Stock Exchange, Mumbai.  |  |  |
| (ii) The Company's equity shares have been delisted from the Stock Exchanges at Ahmedabad, Chennai and Coimbatore. The Company's application to Calcutta Stock Exchange for delisting is still pending. |  |  |
| f) (i) Stock Code   | : Scrip Code No. : 514378                                    |  |
| Mumbai Stock Exchange   | Trading Symbol : YARN SYNDICT                                |  |
| (ii) Demat ISIN Nos. in NSDL and CDSL for equity shares.  | : INE 564C01013  |  |
| g) Stock Market Data :  |  |  |

Month	THE STOCK EXCHANGE, MUMBAI	
	Month's High Price	Month's Low Price
April, 2003	–	–
May, 2003	–	–
June, 2003	–	–
July, 2003	10.17	3.66
August, 2003	6.40	3.42
September, 2003	5.10	2.80
October, 2003	4.39	2.56
November, 2003	5.00	2.92
December, 2003	8.01	4.80
January, 2004	7.00	3.50
February, 2004	4.62	3.00
March, 2004	4.32	2.11

# YARN SYNDICATE LIMITED

- h) Registrar and Share Transfer Agents : AMI COMPUTERS (I) LTD.,  
60A & B, CHOWRINGHEE ROAD,  
KOLKATA 700 020  
TEL : 2280-0812/0900/0901  
FAX : 2240-6585  
E-mail : amicomputers@vsnl.com
- i) Share Transfer System : Presently, the share transfers which are received in physical form are processed within a period of 15 days and the share certificates returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. The company has, as per SEBI guidelines with effect from 26/12/2000 offered the facility of transfer cum demat. Under the said system, the share transfer is effected, an option letter was being sent to the transferee indicating the details of the transferred shares and requesting him in case he wishes to demat the shares, to approach a Depository Participant (DP) with the option letter. The DP, based on the option letter, generates a demat request and sends the same to the company alongwith the option letter issued by the company. On receipt of the same, the Company dematerializes the shares. In case the transferee does not wish to dematerialize the shares, he need not exercise the option and the company will despatch the share certificates after 30 days from the date of such option letter.
- However, in terms of SEBI Circular SEBI/MRD/Cir-10/2004 dated 10th February, 2004, the Company has discontinued with effect from 11th February, 2004 the practice of sending option letter for dematerialisation subsequent to transfer.
- j) Shareholding pattern as on 31st March, 2004 :

Sl. No.	Category	No. of Shares (Issued Capital)	% of Shareholding
01.	Promoters & Persons Acting In Concert	25,49,900	67.9973
02.	Indian Financial Institutions, Banks, Mutual Funds	1,18,600	3.1627
03.	Foreign Institutional Investor/NRI's	2,500	0.0667
04.	Others	10,79,000	28.7733
		<u>37,50,000</u>	<u>100.00</u>

- k) Dematerialisation of Shares and Liquidity :

The shares of the Company are compulsorily traded in DEMAT form by all categories of investors with effect from 26th December, 2000. The company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) to establish electronic connectivity of our shares for scripless trading. As on 31st March, 2004, 27.53% of shares of company were held in Dematerialised form. There are no electronic requests pending for approval as on 31.03.2004 for Dematerialisation/Rematerialisation under NSDL and CDSL.

# YARN SYNDICATE LIMITED

l) Liquidity of Shares :

The shares of the company are actively traded in The Stock Exchange, Mumbai.

m) Investor Correspondence :

- (i) For transfer/dematerialisation of shares and any other query relating to the shares of the company etc. : AMI COMPUTERS (I) LTD.  
60A & B, Chowringhee Road  
Kolkata - 700 020  
Tel. : 2280-0812/0900/0901  
Fax : 2240-6585  
E-mail : [amicomputers@vsnl.com](mailto:amicomputers@vsnl.com)
- (ii) Any query on Annual Report : Secretarial Department  
YARN SYNDICATE LIMITED  
7, Sambhu Nath Mullick Lane  
Kolkata - 700 007  
Tel. : 2281-0270 / 0271  
Fax : 91-33-2247 5685  
E-mail : [yarncal@vsnl.com](mailto:yarncal@vsnl.com)

The above report was adopted by Board of Directors at their Meeting held on 30th June, 2004

Place : Kolkata

Dated : the 30th day of June, 2004.

For and on behalf of the Board

**M. L. PATODIA**

Chairman & Managing Director

# YARN SYNDICATE LIMITED

## AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of  
Yarn Syndicate Limited.

We have reviewed the compliance of conditions of Corporate Governance by Yarn Syndicate Limited for the year ended 31st March, 2004, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s), with the relevant records and documents maintained by the Company and furnished to us.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

No investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges have been complied with in all material respect by the Company.

For **LODHA & CO.**  
Chartered Accountants

Place : Kolkata  
Date : 30th June, 2004.

**P. L. VADERA**  
Partner  
Membership No. 2342

## MANAGEMENT DISCUSSION AND ANALYSIS

### A) INDUSTRY STRUCTURE AND DEVELOPMENTS

The Textile Industry, being the oldest and largest industry contributes a lot to the economy of India. Yarn Syndicate Ltd. is exporting various types of yarn to countries like Belgium, Bulgaria, Italy, Japan, Hong Kong, Mexico, Spain, Thailand, U. K.

Since a considerable number of textile mills have been closed due to which the installed capacity in respect of spindles during the year also came down by about two million. A good monsoon hope for the current year can make the cotton crop better. Besides, in case of the bumper crop the prices of raw cotton are also expected to be lower than current rates.

With the abolition of Quota system w. e. f. 01.01.2005, international prices of yarns are expected to be affected to a great extent. During the financial year ended on 31<sup>st</sup> March, 2004 the Rupee got strength against US Dollar considerably which affected the realisations.

However, your company in spite of all the hurdles as discussed could succeed in maintaining its dignity in the overseas market by strictly adhering to the quality of yarn and following delivery schedules.

### B) OPPORTUNITIES, THREATS, RISKS AND CONCERNS

Though the Textile Industry in India has to have a competition with China, Egypt, Indonesia, Pakistan, Turkey, Mexico etc. the lifting of quota system under WTO w. e. f. 01.01.2005 is expected to boost the export of yarns by your company in the years to come. Last year the Government of India had launched

# YARN SYNDICATE LIMITED

the Technology Mission on cotton with a view to modernization of cotton mills and improvement in the quality of yarns which if continued by the new government will be a boon for the Indian Textile Industry. Taking in view all pros and cons your company is hopeful of enhancing its contribution in total export of yarn from India.

## **C) OUTLOOK**

Your company's first and foremost objective is to increase its export market share in the coming years. The ban on import of cotton yarn from India by road put by the Government of Bangladesh in recent past is expected to be lifted which may enhance the export of yarn considerably. However, the company has always been in search of new arena of export. Moreover, India's share in total textile export will improve after the dismantling of quotas from 1<sup>st</sup> January, 2005.

## **D) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has a proper internal control system which provides adequate safeguards and effective monitoring of the transactions including losses to all the assets from unauthorised use or disposition.

The Company has an internal audit system which ensures that the company's control mechanism is properly followed and all statutory requirements are duly complied with.

Moreover, an audit committee of the Board of Directors comprising of independent Directors regularly review the audit plans, adequacy of internal control as well as compliance of accounting standards.

## **E) FINANCIAL AND OPERATIONAL PERFORMANCE**

Please refer to 'Performance Review' in the Board of Directors' Report.

## **F) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS**

A major factor for the continued growth of your organization is the constructive support of Bank, Institutions, Suppliers, Export Promotion Organisations, executives, employees, creditors and the confidence shown by them in the company. Employer-Employee relations in all the offices of the company were cordial throughout the year under review.

## **G) CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations are "Forward looking statements". Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include, among others, economic conditions affecting demand/supply, the exchange rate of the Rupee vis-à-vis the U. S. Dollar and price conditions in the domestic and overseas markets, also effect of political situations, change in the Government regulations on Export, tax laws and other statutes and incidental factors over which the company does not have any control.

Place : Kolkata

Dated : the 30th day of June, 2004.

For and on behalf of the Board

**M. L. PATODIA**

Chairman & Managing Director



# YARN SYNDICATE LIMITED

## AUDITORS' REPORT

### Auditor's Report to the Members of M/s. YARN SYNDICATE LIMITED

We have audited the attached Balance Sheet of M/s. YARN SYNDICATE LIMITED as at 31st March, 2004 and the Profit & Loss Account for the year ended on that date and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that,

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in exercise of Powers conferred by Section 227(4A) of the Companies Act, 1956 and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we report that :
  - i)
    - a) The Company has maintained proper records of fixed assets showing full particulars including quantitative details and situation of fixed assets. However, in respect of Mumbai Branch, such records are in the process of updation.
    - b) Fixed Assets have been physically verified at regular interval, which in our opinion is reasonable having regard to the size of the Company and the nature of its business. It has been explained to us that in respect of assets physically verified, no material discrepancies were noticed on such verification to the extent reconciled with available records.
    - c) During the year, the Company has not disposed off a substantial part of its fixed assets which affect the going concern status of the Company.
  - ii)
    - a) As explained to us, the stock of goods traded in by the Company except stock in transit have been physically verified by the management during the year at reasonable intervals. In our opinion and according to the information and explanations given to us, the frequency of verification is reasonable.
    - b) In our opinion and according to information and explanations given to us, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
    - c) The Company has maintained proper records of inventories. As explained, no discrepancies were noticed on verification of stocks as compared to book records, to the extent stocks verified.
  - iii)
    - a) The Company has not taken any Loan secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
    - b) The Company has granted Unsecured Loan to one Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 50 lacs and the year end balance to such party was Rs. 50 lacs.
    - c) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of such loan granted are prima facie not prejudicial to the interest of the Company.
    - d) As explained, the loan is repayable on demand and interest has been recovered regularly. There is no overdue amount of such loan granted.
  - iv) In our opinion and according to the explanations given to us and having regard to the nature of business and the practice followed, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.

## YARN SYNDICATE LIMITED

- v) a) In our opinion and according to the information and explanations given to us, transactions that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956, have been so entered.
- b) According to the information and explanations given to us, the Company has not entered into any transaction in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lakh rupees in respect of any party during the year.
- vi) As informed to us, the Company has not accepted any deposits from the public within the purview of Section 58A and 58 AA of the Companies Act, 1956, and rules framed thereunder.
- vii) In our opinion, the Company's internal audit system is commensurate with the size and nature of its business.
- viii) As informed, the Central Government has not prescribed maintenance of Cost records under Section 209(1)(d) of the Companies Act, 1956, for the product of the Company.
- ix) a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' state Insurance dues, Income Tax, Sales Tax, Wealth Tax, Custom duty, Excise duty and other material statutory dues as applicable to it.
- b) According to the records of the Company, there are no undisputed amounts of Income Tax, Wealth-Tax, Sales-Tax, Customs duty, Excise duty and cess outstanding as on 31st March, 2004 for a period of more than six months from the date these became payable.
- c) According to the records of the Company, there are no dues of Sales Tax, Income Tax, Wealth Tax, Custom duty, Excise duty and Cess which have not been deposited on account of any dispute.
- x) As per records of the Company, the Company does not have any accumulated losses as at the end of the financial year and has not incurred cash losses in the financial year covered by our report or in the immediately preceding financial year.
- xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii) According to the information and explanations given to us and based on the examination of the documents and records, the company has not granted Loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or nidhi/mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing or trading in Shares, Securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) In our opinion and according to the information and explanations given to us, the Company has not availed any term loan. Therefore, the provisions of clause 4 (xvi) of the Companies (Auditors Report) order, 2003 are not applicable to the Company.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, the excess amount of long term fund over the long term assets amounting to Rs. 1502.02 lacs remain utilised for working capital purpose as on 31.03.2004
- xviii) The Company has not made any preferential allotment of shares during the year to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures. Accordingly, the Clause 4 (xix) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- xx) The Company has not raised any money by public issues during the year.

# YARN SYNDICATE LIMITED

- xxi) During the course of our examination of Books of Account carried out in accordance with generally accepted practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such case by the management.
2. *Attention is invited to the following notes of Schedule 13 regarding :*
- a) *Certain old debts due from Overseas Buyers amounting to Rs.95.80 Lacs, the extent of amount recoverable and provision there against if any is presently not ascertainable (Note No.3).*
  - b) *Confirmations and reconciliation in respect of Sundry Debtors, Sundry Creditors and Loans and Advances are not available (Note No.4).*
  - c) *Advances amounting to Rs.1089.60 Lacs, the extent of realisability of claim lodged against a supplier, consequential provisions required if any are presently not ascertainable (Note No.5).*
  - d) *Investments in Equity Shares of certain body corporate valuing Rs.73.99 Lacs, the amount of provision for diminution in value is not ascertainable (Note No.6(a)).*
  - e) *Non provision of the year-end shortfall pertaining to book balances of certain investments as given in Note No. 6(b)).*
  - f) *Loans given to body corporate and other amounting to Rs.28.65 Lacs (including interest), pending legal proceedings the extent of amount recoverable is presently not ascertainable(Note No.7).*
3. *We further report that, in respect of the Notes mentioned in Paragraph 2 above the impact thereof can not be ascertained and therefore cannot be commented upon by us.*
4. Further to above, we report that :
- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit,
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of Account,
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account,
  - d) *Except as given in Note No.6 (a & b)of Schedule 13 regarding non-provision of diminution in value of certain investments*, in our opinion, the Profit and Loss account, Balance Sheet and Cash Flow Statement comply with the accounting Standards referred to in sub-section (3C) of section 211 the Companies Act,1956, to the extent applicable,
  - e) On the basis of written representations from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March,2004 from being appointed as a Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act,1956 and
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act,1956, in the manner so required and *subject to Para 2 above,together with their overall impact as given in Paragraph 3 above (presently not ascertainable)* and read together with the other notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India :
    - i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March,2004 and
    - ii) in case of the Profit & Loss Account, of the Loss for the year ended on that date.
    - iii) in case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

14, Government Place East,  
Kolkata - 700 069.  
Dated : 30th day of June, 2004.

**For LODHA & CO**  
Chartered Accountants

**P. L. VADERA**  
Partner  
Membership No. 2342

# YARN SYNDICATE LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2004

	SCHEDULE	31.03.2004 Rs. in lacs	31.03.2003 Rs. in lacs
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds :</b>			
Share Capital	1	375.00	375.00
Reserves & Surplus	2	1,406.71	1,421.64
		1,781.71	1,796.64
<b>Loan Funds :</b>			
Secured Loans	3	242.71	307.94
		242.71	307.94
TOTAL		2,024.42	2,104.58
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets :</b>			
Gross Block	4	293.30	306.61
Less : Depreciation		150.39	146.86
Net Block		142.91	159.75
<b>Investments :</b>	5	134.61	119.25
<b>Current Assets, Loans &amp; Advance :</b>			
Inventories	6	60.45	71.50
Sundry Debtors		157.15	339.00
Cash & Bank Balances		167.16	139.27
Loans & Advances		1,423.59	1,345.08
		1,808.35	1,894.85
Less : Current Liabilities & Provisions :	7		
Current Liabilities		63.62	76.73
Provision		0.00	5.58
		63.62	82.31
Net Current Assets :		1,744.73	1,812.54
<b>MISCELLANEOUS EXPENDITURE :</b>			
To the extent not adjusted or written of			
Share Issue Expenses		1.22	8.52
Quota Expenses		0.95	4.52
TOTAL		2,024.42	2,104.58
NOTES :	13		

As per our report of even date

**For LODHA & CO.**  
Chartered Accountants  
**P. L. VADERA**  
Partner

For and on behalf of the Board  
**M. L. PATODIA**, Managing Director  
**S. R. SARAF**, Director  
**VIKASH SINGHAL**, Director

Place : Kolkata

Dated : the 30th day of June, 2004.

# YARN SYNDICATE LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	SCHEDULE	2003-2004 Rs. in lacs	2002-2003 Rs. in lacs
<b>INCOME :</b>			
Sales	8	1,510.30	2,811.99
Other Income	9	125.30	156.79
Increase / (Decrease) in Stock	10	(11.05)	15.62
		<u>1,624.55</u>	<u>2,984.40</u>
<b>EXPENDITURE :</b>			
Purchases		1,382.26	2,717.71
Interest (Net)	11	(10.50)	11.34
Depreciation		19.61	19.51
Manufacturing, Administrative, Selling & Other Expenses	12	241.88	242.51
Share Issue Expenses Written Off		7.30	7.30
		<u>1,640.55</u>	<u>2,998.37</u>
Profit/(Loss) before Tax		(16.00)	(13.97)
Deferred Tax Assets		0.00	7.79
Provision for Taxation		0.00	0.00
Provision for Income Tax for earlier years		(1.07)	0.07
Profit/(Loss) after Tax		(14.93)	(6.25)
Profit and Loss Account balance brought forward		156.03	162.28
		<u>141.10</u>	<u>156.03</u>
<b>APPROPRIATIONS :</b>			
Balance carried to Balance Sheet		141.10	156.03
		<u>141.10</u>	<u>156.03</u>
<b>BASIC &amp; DILUTED EPS (Rs.)</b>		(0.40)	(0.17)
<b>NOTES :</b>	13		

As per our report of even date

**For LODHA & CO.**  
Chartered Accountants  
**P. L. VADERA**  
Partner

For and on behalf of the Board  
**M. L. PATODIA**, Managing Director  
**S. R. SARAF**, Director  
**VIKASH SINGHAL**, Director

Place : Kolkata

Dated : the 30th day of June, 2004.

# YARN SYNDICATE LIMITED

## SCHEDULES TO THE ACCOUNTS

	2003-2004 Rs. in lacs	2002-2003 Rs. in lacs
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>Authorised :</b>		
50,00,000 Equity Shares of Rs. 10/- each	<u>500.00</u>	<u>500.00</u>
<b>Issued, Subscribed &amp; Paid Up :</b>		
37,50,000 Equity Shares of Rs. 10/- each	<u>375.00</u>	<u>375.00</u>
	<u>375.00</u>	<u>375.00</u>
<b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>		
<b>Share Premium</b>	437.50	437.50
<b>General Reserve :</b>		
As per last Balance Sheet	828.11	828.11
	828.11	828.11
<b>Profit &amp; Loss Account :</b>		
Balance Carried Forward	141.10	156.03
	<u>1,406.71</u>	<u>1,421.64</u>
<b>SCHEDULE 3 : SECURED LOANS</b>		
Cash Credit, Packing Credit from Bank (Secured by Hypothecation of Stock-in-Trade including goods-in-transit and Export Goods lying with manufacturers. Guaranteed by Personal Guarantee of Managing Director of the Company)	233.06	307.94
<b><u>Vehicle Loans</u></b>		
Standard Chartered Bank	7.73	0.00
Citi Bank NA (Secured by way of hypothecation of vehicles)	1.92	0.00
	<u>242.71</u>	<u>307.94</u>

**SCHEDULES TO THE ACCOUNTS**

**SCHEDULE 4 : FIXED ASSETS**

(Rs. in lacs)

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION BLOCK				NET BLOCK	
	As on 01-04-03	Additions during the year	Sales/ Adjustment during the year	Total As on 31.03.04	Upto 31.03.03	For the year amount	Deductions for sales/ Adjustments	Total As on 31-03-04	As on 31.03.04	As on 31.03.03
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
FREEHOLD LAND	24.28	0.00	1.00	23.28	0.00	0.00	0.00	0.00	23.28	24.28
BUILDING*	181.12	0.00	17.03	164.09*	65.00	10.56	6.51	69.05	95.04	116.12
OFFICE APPLIANCE & OTHER EQUIPMENTS	20.49	0.23	0.00	20.72	19.25	0.37	0.00	19.62	1.10	1.24
COMPUTER	14.70	0.89	0.00	15.59	13.97	0.99	0.00	14.96	0.63	0.73
FURNITURE & FITTINGS	19.16	0.00	0.00	19.16	16.74	0.44	0.00	17.18	1.98	2.42
VEHICLES	32.42	14.89	11.58	35.73	20.63	6.39	9.57	17.45	18.28	11.79
AIR-CONDITIONER, REFRIGERATOR, COOLER, GENERATOR	14.44	0.29	0.00	14.73	11.27	0.86	0.00	12.13	2.60	3.17
<b>TOTAL :</b>	<b>306.61</b>	<b>16.30</b>	<b>29.61</b>	<b>293.30</b>	<b>146.86</b>	<b>19.61</b>	<b>16.08</b>	<b>150.39</b>	<b>142.91</b>	<b>159.75</b>
<b>PREVIOUS YEAR :</b>	<b>432.41</b>	<b>6.85</b>	<b>132.65</b>	<b>306.61</b>	<b>220.72</b>	<b>19.51</b>	<b>93.37</b>	<b>146.86</b>	<b>159.75</b>	<b>211.69</b>

\* Includes 20 shares (Previous year 20 shares) of Rs. 50/- each (Total face value Rs. 1000/-) fully paid up.

# YARN SYNDICATE LIMITED

## SCHEDULES TO THE ACCOUNTS

	2003-2004 Rs. in lacs	2002-2003 Rs. in lacs
<b>SCHEDULE 5 : INVESTMENTS</b>		
<b>TRADE INVESTMENTS</b>		
<b>UNQUOTED :</b> (Long term; equity shares of Rs. 10/- each fully paid up)		
739930 YS Spinners Ltd.	73.99	73.99
1500 Mona Textiles Ltd.	0.15	0.15
117750 Aarkay Credit Ltd.	11.77	11.77
118250 Prachi Credit Ltd.	11.83	11.83
5000 Patriot Automation Project (P) Ltd.	15.00	15.00
<b>QUOTED :</b> (Current; Fully Paid Equity Shares of Rs. 10/- each)		
(42) Mahavir Spinning Mills Ltd.	0.00	0.02
1,300 Jaipur Polyspin Ltd.	0.14	0.14
(50,000) Essar Steel Limited	0.00	4.63
(2,965) Patspin Limited	0.00	0.22
(1,009) Reliance Industries Limited	0.00	3.95
10000 GTN Textiles Limited	5.01	-
5000 TV Today Network Limited	8.21	-
3800 Patni Computer Systems Limited	11.51	-
12300 Power Trading Corporation India Limited	3.28	-
	<b>140.89</b>	<b>121.70</b>
Less : Provision for Diminution in Investment	6.28	2.45
	<b>134.61</b>	<b>119.25</b>
<b>AGGREGATE VALUE OF INVESTMENTS :</b>		
Book Value : Quoted	28.15	8.96
Unquoted	112.74	112.74
	<b>140.89</b>	<b>121.70</b>
Market Value : Quoted	<b>21.87</b>	<b>6.56</b>

### PURCHASE AND SALE OF CURRENT INVESTMENTS DURING THE YEAR :

Name of the Companies	No. of Shares	Cost (In Lacs)
Andhra Bank	20,000	7.40
Bank of Baroda	5,000	5.68
Bank of India	5,000	2.64
Canara Bank	55,200	67.44
Zee Telefilm Limited	20,000	19.09
Gas Authority of India Limited	5,000	6.87
Hindustan Lever Limited	10,000	14.43
IFCI Limited	1,26,001	19.87
Jindal Vijaynagar Steel Limited	2,25,000	33.69
Larsen & Toubro Limited	3,000	8.87
Maruti Udyog Limited	3,200	4.41
Neyveli Lignite Limited	20,000	8.01
Reliance Industries Limited	5,400	26.68
Satyam Computers Limited	1,200	2.90
Shipping Corporation of India Ltd.	18,210	17.73
ONGC Ltd.	1,000	7.74
SAIL	50,000	8.57
Indraprastha Gas Limited	4,800	3.74
Tata Tele Service (M) Ltd.	75,000	12.12
UCO Bank	38,900	5.61
Vijaya Bank	15,900	4.75
LIC Housing Finance Ltd.	7,500	14.13
Tata Chemicals Ltd.	4,000	5.61
Kotak Mahindra Mutual Fund (Units)	2,50,000	25.00



# YARN SYNDICATE LIMITED

## SCHEDULES TO THE ACCOUNTS

	2003-2004 Rs. in lacs	2002-2003 Rs. in lacs
<b>SCHEDULE 6 : CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>CURRENT ASSETS :</b>		
Inventories including goods in transit (As taken valued and certified by the Management)		
Trading Goods	57.16	68.21
Discarded Assets	3.29	3.29
	60.45	71.50
Sundry Debtors (Unsecured, considered good by the Management) :		
Debts due for a period exceeding six months	59.49	131.75
Other Debts	97.66	207.25
	157.15	339.00
Cash and Bank Balances :		
Cash Balance	4.80	2.82
Cheques in hand	2.72	58.27
Balance with Scheduled Banks :		
In Current Account	116.29	34.05
In Fixed Deposit	41.44	41.43
In Dividend Account	1.84	2.16
In E.E.F.C. Account	0.07	0.54
	167.16	139.27
<b>LOANS &amp; ADVANCES :</b>		
Loans/Inter Corporate Deposits	216.14	125.62
Advance recoverable in Cash or in kind or for value to be received :		
Unsecured :		
Advance to Staff	0.35	0.61
Advance to Others	1,171.65	1,181.21
Sundry Deposits	14.57	5.80
Tax Deducted at Source	20.09	30.62
Interest Receivable	0.79	1.22
	1,423.59	1,345.08
	<u>1,808.35</u>	<u>1,894.85</u>

# YARN SYNDICATE LIMITED

## SCHEDULES TO THE ACCOUNTS

	2003-2004 Rs. in lacs	2002-2003 Rs. in lacs
<b>SCHEDULE 7 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors :		
For Goods Supplied	4.17	15.18
For Expenses	15.37	22.26
For Others	41.30	36.19
	60.84	73.63
Dividend Payable (Un-encashed Warrants)	1.84	2.16
Investor Education and Protection Fund :		
Share Application Money	0.94	0.94
	63.62	76.73
<b>PROVISIONS :</b>		
For Taxation	0.00	5.58
	63.62	82.31
<b>SCHEDULE 8 : SALES</b>		
Export (On C.I.F. Value)	1,510.30	2,805.08
Domestic	0.00	6.91
	1,510.30	2,811.99
<b>SCHEDULE 9 : OTHER INCOME</b>		
Export Incentives	101.59	147.20
Claim Received	0.00	4.27
Rent Received	0.00	0.50
Dividend	0.27	0.09
Profit on Sale of Current Investments (Net)	23.44	4.73
	125.30	156.79
<b>SCHEDULE 10 : INCREASE / (DECREASE) IN STOCK</b>		
Stock at Closing		
Trading Goods	57.16	68.21
	57.16	68.21
Stock at Opening		
Trading Goods	68.21	52.59
	68.21	52.59
	(11.05)	15.62

# YARN SYNDICATE LIMITED

## SCHEDULES TO THE ACCOUNTS

	2003-2004 Rs. in lacs	2002-2003 Rs. in lacs
<b>SCHEDULE 11 : INTEREST (Net)</b>		
On Loan from Managing Directors	-	0.24
To Banks and others	<u>13.89</u>	<u>45.17</u>
	13.89	45.41
Less received on Loans/Inter		
Corporate Deposits & from Banks	24.39	34.07
(Gross : TDS4.86 lacs Previous Year 6.70 lacs)		
	<u>(10.50)</u>	<u>11.34</u>
<b>SCHEDULE 12 : MANUFACTURING, ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Salaries, Wages, Bonus & Gratuity	19.76	18.87
Contribution to Provident & Other Funds	2.32	2.02
Staff Welfare Expenses	0.49	0.67
Insurance	6.60	4.11
Rent	0.35	0.27
Rates & Taxes (Including Licence Fee)	0.52	0.79
Repairs :		
Building	0.00	1.55
Others	3.99	1.71
	3.99	3.26
Shipping Expenses	63.43	95.18
Commission (Net)	23.95	38.84
Brokerage	0.00	0.84
Discount / Claims / Samples	9.10	0.11
Payment to Auditors :		
Audit Fee	0.44	0.50
Tax Audit Fee	0.00	0.02
Certificate etc.	0.00	0.14
	0.44	0.66
Bank Charges	9.04	11.10
Charity & Donation	0.14	1.25
Quota Expenses	3.58	8.08
Sundry Balance w/off (net)	1.05	0.26
Diminution in Investment (net)	6.17	1.26
Difference in Foreign Exchange (Net)	46.08	9.05
Loss on Sale of Fixed Assets (Net)	2.53	0.32
Miscellaneous Expenses	42.34	45.57
	<u>241.88</u>	<u>242.51</u>

# YARN SYNDICATE LIMITED

## SCHEDULES TO THE ACCOUNTS

### SCHEDULE 13 :

#### Notes forming part of the Accounts

1. Contingent Liability not Provided for :
  - a) Outstanding Bills Purchased/Discounted for Rs. 451.70 Lacs (Previous Year Rs. 218.02 Lacs).
  - b) Income Tax demands pending in appeal Rs. Nil (Previous Year Rs. 6.07 Lacs ).
2. Sundry Debtors include an amount of Rs. 58.25 Lacs (Previous Year Rs. 207.14 Lacs) for the goods shipped pending negotiations of documents as on the date of Balance Sheet and have been expressed in Rupees at the Year end rate.
3. Sundry Debtors include Rs. 95.80 Lacs (Previous Year Rs. 129.89 Lacs) outstanding from certain overseas buyers beyond the due dates. Such balances have not been realigned at the year end rate. In the opinion of the management, these will be recovered in due course and as such no provision is considered necessary in this respect.
4. Balance of Debtors, Creditors, Loans and Advances are subject to confirmation and reconciliation and consequential adjustment, if any with respect to individual details etc.
5. Advances considered good include Rs. 1089.60 Lacs (Previous Year Rs. 1089.60 Lacs) (excluding interest and other compensations) given to M/s. Coimbatore Pioneer Mills Ltd. (CPML) against supply of yarn. The said party has not supplied the materials and in certain cases where supplies were made materials were not found to be of required specification. Accordingly, the Company had filed a suit before Hon'ble High Court at Kolkata for the recovery of the said sum and interest etc. The Court vide its order dated 7th May, 2001 has dismissed the suit, since CPML has been referred to the Board for Industrial and Financial Reconstruction (BIFR) in June, 1998. The Company has filed an appeal against the said order before Hon'ble High Court at Kolkata on 22.08.2001. The said court vide its order dated 13.09.2001 allowed the appeal and suit has been restored. Pending final outcome, the said amount has been considered good and recoverable.
6.
  - a) The Company has an investment of Rs. 73.99 Lacs in Equity Shares of Y. S. Spinners Ltd. (YSPL). The net worth of the YSPL is in negative. The agreement between YSPL and Shri Ambica Mills Ltd. with respect to acquisition of Fixed Assets of Unit No. 2 was held to be void. YSPL has lodged a claim on Shri Ambica Mills Ltd. in respect of its investment in Fixed and other Assets. Pending outcome, no provision has been considered necessary by the management for the investment in shares of YSPL.
  - b) Revenue recognition with respect to diminution in value of long term investments amounting to Rs. 38.75 Lacs (Previous Year Rs. 38.60 Lacs) have not been made in these accounts since these are considered long term strategic investments and such diminution does not represent inherent loss in values thereof.
7. Loans / Intercorporate deposits include Rs. 28.65 Lacs (including interest of Rs. 3.65 Lacs) from a body corporate which is overdue. The company has filed suit for recovery of the loan together with interest on this loan. As a matter of abundant precaution, interest on the said loan amounting to Rs. 18.00 lacs (including Rs. 4.50 Lacs for the year) has not been accounted for. Pending outcome of the legal suit, in the opinion of management, no provision is considered necessary, as the same is considered good and recoverable.
8. In accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company has accounted for deferred Tax. The company has carry forward losses and unabsorbed depreciation. As a matter of prudence, deferred Tax assets has been

# YARN SYNDICATE LIMITED

recognised to the extent of deferred tax liabilities. The component of deferred tax assets and liabilities are as follows :

	Opening as on 01.04.2003	Charge / Credit during the year	Closing as on 31.03.2004
	Rs. (in lacs)	Rs. (in lacs)	Rs. (in lacs)
<b>Deferred Tax Liabilities</b>			
On account of Depreciation	11.89	1.08	12.97
<b>Deferred Tax Assets</b>			
On account of unabsorbed Depreciation and carry forward Losses	11.89	1.08	12.97
Net deferred Tax Liabilities/(Assets)	—	—	—

9. Expenses pertaining to earlier year Rs. 0.10 Lacs (Previous Year Rs. 0.02 Lacs) remain adjusted under respective heads of account.
10. There are no dues to small scale and ancillary industrial under taking (SSI) to the extent ascertained from the information available from suppliers regarding their status as SSI Unit.
11. Difference in Foreign Exchange include Rs. 53.10 Lacs being Loss (Previous Year Rs. 12.15 Lacs being gain) on account of cancellation of forward exchange Contract.
12. Profit on Sale of current Investments (net) comprises :

	(Rs. in Lacs)
i) Profit on Sale of current Investments	29.66
ii) Loss on Sale of current Investments	8.56
	21.10
Add : Provision for diminution in investment written back	2.34
	23.44

13. a) Directors' remuneration :

	Rupees in Lacs	
	2003-2004 Rs.	2002-2003 Rs.
Salary	3.15	—
Contribution to Employees Provident Fund & Other Fund	0.38	—
Others Perquisites	0.78	—
	4.31	—

\*(Contribution to Employees Gratuity Fund which are based on actuarial valuation done on an overall Company basis are excluded above.)

- b) Remuneration payable to Managing Director Sri Madanlal Patodia has not been provided in view of the waiver by him.
14. Certain assets have been discarded on retiring from their active use and shown under the head inventories. In the absence of determination of their realisable value, these have been recorded at book value. Necessary adjustments will be carried on disposal of the same.

# YARN SYNDICATE LIMITED

15. Disclosure in respect of related parties pursuant to Accounting Standard 18.

**A) List of related parties :**

I. Parties where control exists – NIL.

II. Other parties with whom the Company has entered into transactions during the year.

i) Key Management Personnel and Enterprises having common key Management Personnel or their relatives :

**Key Management Personnel :**

Sri R. K. Patodia – Managing Director

**Enterprise having common key management personnel :**

Madanlal Brijlal (P) Ltd.

ii) Firm in which Directors have substantial interest

M/s. B. L. Singhal & Co.

M/s. B. M. Bagaria & Co.

**B) During the year, the following transactions were carried out with the related parties in the ordinary course of the business and at arms length.**

<u>Nature of transactions</u>	<u>Key Management Personnel</u>	<u>Enterprises of Key Management Personnel</u>	<u>Directors interested Firm</u>
1) Electricity charges paid	-	0.54	-
2) Rent paid	-	0.07	-
3) Professional fees paid	-	-	1.32
4) Remuneration paid	4.31	-	-

**C) Outstanding Balance as on 31st March, 2004**

<u>Nature of transactions</u>	<u>Key Management Personnel</u>	<u>Enterprises of Key Management Personnel</u>	<u>Directors interested Firm</u>
1) Amount payable	-	0.06	-

During the year, there were no amounts written off or written back for such parties.

16. **Earning Per Share (EPS)**

		<u>Year Ended 31.03.2004</u>	<u>Year Ended 31.03.2003</u>
a) Profit / (Loss) attribute to Equity Share Holders	Rs.	(1493604.00)	(6,25,105.00)
b) Basic and weighted average no of Equity Shares during the year (in Nos.)		3750000	3750000
c) Nominal Value of Equity Shares	Rs.	10/-	10/-
d) Basic and Diluted EPS (a/b)	Rs.	(0.40)	(0.17)

17. **Additional Information pursuant to the provisions of Part II Schedule VI to the Companies Act, 1956 :**

<b>A. QUANTITATIVE INFORMATION</b>		<u>Quantity</u>		<u>Amount Rs. in Lacs</u>	
<u>Unit</u>		<u>2003-2004</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2002-2003</u>
<b>a) Opening Stock :</b>					
Yarn	Packages	1223	819	68.21	52.59
Cloth	Packages	-	-	-	-
<b>b) Purchases :</b>					
Yarn	Packages	19036	39261	1382.26	2717.71
Cloth	Packages	-	-	-	-

# YARN SYNDICATE LIMITED

c) **Sales :**

Yarn	Packages	19025	38857	1510.29	2811.99
Cloth	Packages	-	-	-	-

d) **Closing Stock :**

Yarn	Packages	1234	1223	57.16	68.21
Cloth	Packages	-	-	-	-

**B. EXPENDITURE IN FOREIGN CURRENCY**

Rupees in Lacs

	<u>2003-2004</u>	<u>2002-2003</u>
	<u>Rs.</u>	<u>Rs.</u>
Travelling	9.68	9.07
Commission (Including outstanding)	36.93	49.42
Claims paid to Overseas Buyers	8.94	-

**C EARNING IN FOREIGN CURRENCY**

F.O.B. Value of goods Exported	1469.80	2,744.17
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18. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

1. **Registration Details :**

Registration No.	21-13842
State Code	21
Balance Sheet Date	31.03.2004

2. **Capital Raised During the Year : (Rs. in Lacs)**

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

3. **Position of Mobilisation and Deployment of Funds : (Rs. in 000)**

Total Liabilities	202442
Total Assets	202442

**Sources of Funds :**

Paid up Capital	37500
Reserves & Surplus	140671
Secured Loans	24271
Unsecured Loans	NIL

**Application of Funds :**

Net Fixed Assets	14291
Investment	13461
Net Current Assets	174473
Miscellaneous Expenditure	217
Accumulated Losses	NIL

4. **Performance of Company : (Rs. in 000)**

Turnover (including other Income)	163560
Total Expenditure	165160
Profit/(Loss) before Tax	(1600)
Profit/(Loss) after Tax	(1493)
Earning per Share (Rs.)	- 0.40
Dividend Rate	NIL

5. **Generic Names of Principal Products, Services of the Company :**

Item Code No.	52.05
Product Description	Cotton Yarn

# YARN SYNDICATE LIMITED

19. Raw Materials and Stores & Spare Parts consumed : 100%  
     Indigenous

20. Figures are given in Lacs and rounded to nearest Thousand.

21. Previous Year figures have been regrouped/rearranged wherever considered necessary.

**22. ACCOUNTING POLICIES :**

**A) General :**

These Accounts have been prepared on the historical cost basis and on the accounting principles of going concern.

Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

**B) Revenue Recognition :**

- i) All expenses and Income are accounted on accrual basis except where there is uncertainty about the receipt thereof in view of the claims/dispute.
- ii) Income from Export Incentives is recognised on the basis of certainties as to its utilisation and related realisation.
- iii) Purchase and Sales are net of returns, rebates, discounts and rate difference in respect of Sales of Previous Year.

**C) Retirement Benefits :**

- i) Gratuity Liability is determined on the basis of actuarial valuation and funded with Employees' Gratuity Fund.
- ii) Accrued Liability in respect of leave encashment is provided / paid during the year.

**D) Fixed Assets :**

Fixed Assets are stated at Cost.

**E) Depreciation :**

a) Depreciation on Fixed Assets has been provided on written down value basis at the rates as prescribed under the Income Tax Rules 1962, except in the case of assets mentioned at serial Nos. (b) and (f) herein below whereon it has been provided at the rates as prescribed under Schedule XIV to the Companies Act, 1956.

	Rates as per Schedule XIV to the Companies Rules, Act 1956 (%)	Rates as per Income Tax (%)
<b>a) Building :</b>		
Office	5	10
Residential (Area less than 80 sq. Meters)	5	20
b) Furniture & Fixtures	18.10	10
c) Office Equipments	13.91	25
d) Air Conditioning Machine	13.91	25
e) Refrigerator	13.91	25
f) Motor Car	25.89	20
g) Computer	40	60

b) Depreciation on additions to assets during the year valuing up to Rs. 5,000/- has been provided at the rate of 95%.

c) Depreciation on additions to assets has been provided for the full year. No depreciation is being provided on assets sold during the year.



# YARN SYNDICATE LIMITED

**F) Exchange Fluctuation :**

a) Assets & Liabilities :

Transactions in foreign currencies related to current assets and liabilities are accounted for on the basis of the exchange rates prevailing at the time the transactions take place and are realigned at the applicable exchange rate at the year end and variations are adjusted to the respective revenue or capital head.

b) Export Sales :

At the rates as on the date of negotiation or collection or at forward contract rates, wherever applicable.

**G) Borrowing Cost :**

Borrowing cost incurred in relation to the acquisitions or construction of assets are capitalised / allocated as part of the cost of such assets. Other borrowing cost are charged as an expense in the year in which these are incurred.

**H) Inventories :**

- i) Stock of Trading Goods is stated at lower of the cost and estimated net realisable value.
- ii) Stock of Finished Goods (Knitted Fabrics) is stated at the lower of cost or estimated net realisable value.
- iii) Stores and Spare parts is stated at lower of the cost and net realisable value.

**I) Investments :**

Long Term Investments are stated at cost less provision for diminution in value other than temporary, if any. Current Investments are valued at cost or below cost as the case may be.

**J) Share Issue Expenses :**

Share Issue Expenses are being amortised proportionately over a period of ten years.

**K) Quota Expenses :**

Quota Expenses are written off over the period during which benefits therefrom are expected to be derived.

**L) Taxation :**

Current charge for Income Tax is calculated in accordance with the relevant Tax regulations applicable to the Company. Deferred Tax assets and liabilities are recognised for future Tax consequences attributable to the timing differences that result between the Profit offered for Income Tax and the Profit as per the financial statement. Deferred Tax assets and liabilities are measured as per the Tax rates/Laws that have been enacted or subsequently enacted as the Balance Sheet date.

**L) Contingent Liabilities :**

Contingent Liabilities are not provided but disclosed by way of Note.

As per our report of even date

**For LODHA & CO.**

Chartered Accountants

**P. L. VADERA**

Partner

For and on behalf of the Board

**M. L. PATODIA**, Managing Director

**S. R. SARAF**, Director

**VIKASH SINGHAL**, Director

Place : Kolkata

Dated : the 30th day of June, 2004.

# YARN SYNDICATE LIMITED

## CASH FLOW STATEMENT OF YARN SYNDICATE LIMITED AS PER LISTING AGREEMENT

CASH FLOW STATEMENT	Year ended 31st March, 2004 Rs. in Lacs	Year ended 31st March, 2003 Rs. in Lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before Taxes	(16.00)	(13.97)
Depreciation	19.61	19.51
Interest paid	13.89	45.41
Share Issue expenses	7.30	7.30
Quota Expenses	3.58	8.08
Loss on Diminution in Investment	6.17	1.26
(Profit)/Loss on Sale of Investments (Net)	(23.44)	(4.73)
Profit/(Loss) on Sale of Assets (Net)	2.53	0.32
Interest Received	(24.39)	(34.07)
Dividend Received	(0.27)	(0.09)
Exchange Fluctuation (Loss)/Gain (to the extent not paid/realised)	(7.07)	-
Sundry balances written off/(back) (Net)	1.05	0.26
Operating Profit before Working Capital Changes	<u>(17.04)</u>	<u>29.28</u>
Adjustment for :		
Inventories	11.05	(18.91)
Trade & Other Receivables	181.85	23.65
Advances	(2.69)	- 165.83
Trade Payables	(12.79)	(12.04)
	<u>177.42</u>	<u>158.53</u>
	<u>160.38</u>	<u>187.81</u>
Cash generated from Operations		
Direct Taxes paid	6.02	7.74
Net Cash from Operating Activities (A)	<u>6.02</u> <u>166.40</u>	<u>7.74</u> <u>195.55</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(16.30)	(6.85)
Sale of Fixed Assets	11.00	38.96
Sale of Investment	362.88	126.37
Purchase of Investment	(360.98)	(126.56)
Loans & Inter-corporate Deposits	(89.26)	106.83
Interest Received	23.56	36.11
Dividend Received	0.27	0.09
Net Cash used in Investing Activities (B)	<u>0.27</u> <u>(68.83)</u>	<u>0.09</u> <u>174.95</u>

# YARN SYNDICATE LIMITED

## CASH FLOW STATEMENT (Contd.)

	Year ended 31st March, 2004 Rs. in Lacs	Year ended 31st March, 2003 Rs. in Lacs
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### C. CASH FLOW FROM FINANCING ACTIVITIES

Net Increase / (Decrease) in Secured Borrowing	(67.81)	(305.69)
Net Increase / (Decrease) in Unsecured Borrowing	9.65	(73.37)
Dividend Paid	(0.32)	(0.28)
Interest Paid	<u>(11.20)</u>	<u>(44.85)</u>
Net Cash from Financing Activities (C)	<u>(69.68)</u>	<u>(424.19)</u>
Net Increase in Cash & Cash equivalents (A+B+C)	27.89	(53.69)
Cash & Cash equivalents as at opening	139.27	192.96
* Cash & Cash equivalents as at closing	167.16	139.27

\* Net of adjustment on account of Exchange Fluctuation Gain amounting to Rs. 0.00 (Previous year Rs. 0.02 Lacs loss)

For **LODHA & CO.**  
Chartered Accountants  
**P. L. VADERA**  
Partner

For and on behalf of the Board  
**M. L. PATODIA**, Managing Director  
**S. R. SARAF**, Director  
**VIKASH SINGHAL**, Director

Place : Kolkata  
Dated : the 30th day of June, 2004.

**PROXY FORM**

**YARN SYNDICATE LIMITED**

REGD. OFF. 7, SAMBHU NATH MULLICK LANE, KOLKATA - 700 007

I/We .....  
of ..... being a  
MEMBER/MEMBERS of the above-named Company, hereby appoint .....  
..... of  
..... or failing him  
..... of  
..... as my/our proxy to  
attend and vote for me/us and on me/our behalf at the 58th Annual General Meeting of the Company  
to be held at Patodia House, 23, Circus Avenue, Kolkata - 700 017 on Friday, the 24th day of  
September, 2004, at 10.00 a.m. and/or at any adjournment thereof.

signed this ..... day of ..... 2004

Signature .....

Please Affix  
Re. 1  
Revenue  
Stamp

Regd. Folio No.

Note : The Proxy should be deposited at Registered Office of the Company not less than 48  
hours before the time for holding the above Meeting.



**ATTENDANCE SLIP**

**YARN SYNDICATE LIMITED**

REGD. OFF. 7, SAMBHU NATH MULLICK LANE, KOLKATA - 700 007

Full Name of Shareholder / Proxy .....

I hereby record my presence at the 58th Annual General Meeting of the Company held at Patodia  
House, 23, Circus Avenue, Kolkata - 700 017 on Friday, the 24th day of September, 2004  
at 10.00 a.m.

Registered Folio No. :

No. of Shares held :

\_\_\_\_\_  
Signature of Shareholder/Proxy

Note : This attendance slip duly filled in and signed must be handed over at the entrance of the  
Meeting Hall.



**BOOK-POST**

*If undelivered, please return to :*  
**YARN SYNDICATE LIMITED**  
7, Shambhunath Mullick Lane  
Kolkata - 700 007